

Tab A

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State Dept. declassification & release instructions on file

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Tab A

Sep 9, 1954

Dear Allen:

In accordance with the Report of the Survey of USIA's Intelligence Needs and Assets the Department has examined whether, through the curtailment of other activities of its intelligence organization or elsewhere, the necessary funds could be provided for the recommended increased intelligence support to USIA, and agencies with related intelligence requirements. The Department has found that no such curtailment is possible.

The foregoing statement is submitted in order that CIA may proceed with the implementation of the Report, pending a reexamination of the method of financing the NIS Program.

Budget estimates in support of an expanded NIS program in the Department have been submitted to the CIA Comptroller at his request, in two parts: one relating to intelligence on international communism; the other concerning intelligence on selected segments of foreign societies, media research and analysis, foreign propaganda, impact of factors affecting public opinion and pertinent descriptive detail on foreign localities. The Comptroller suggested this segregation of estimates in view of your request that [redacted] and I discuss, in the near future, the location of responsibility for intelligence on international communism.

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Sincerely yours,

W. Park Armstrong, Jr.

The Honorable

Allen W. Dulles,

Director, Central Intelligence Agency,

2430 "E" Street, N. W.,

Washington 25, D. C.

State Dept. declassification & release instructions on file

September 15, 1954

Dear Mr. Saunders:

On August 31, 1954, I transmitted to you budget estimates for expansion of the Department's NIS Program, involving additional Fiscal Year 1955 financing for intelligence on International Communism and for increased intelligence support for USIA and agencies with related intelligence requirements.

Since that time, the Department's NIS Coordinator, Mr. Daniel Clinton, has been asked by [redacted] of your Agency to arrange the submission of an alternative budget statement, relating to support for USIA and agencies with related intelligence requirements, to be based on different terms of reference than was the former statement. Accordingly, the revised statement is attached and justifies the sum of [redacted] The previously submitted estimate for intelligence on International Communism remains unchanged.

It will be appreciated if you can keep us advised, from time to time, as to the status of this budget estimate. If any further information is required, we will, of course, be pleased to furnish it.

Sincerely yours,

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John F. Killea
Director, Executive Staff,
Intelligence

[redacted]
Central Intelligence Agency,
2430 "E" Street, N. W.,
Washington 25, D. C.

Attachment

CC: [redacted] - CIA
[redacted] - CIA
Mr. Clinton - OIR
Mr. Evans - OIR

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Tab B

Location of Primary Responsibility for
Research in International Communism

Problem:

1. To reexamine whether State or CIA should have primary responsibility for research in the field of international communism.

Discussion:

2. History: Prior to the reorganization of CIA as a result of the Dulles Report in the fall of 1950, some efforts had been made, through an informal interagency committee, to bring together those researchers in the IAC agencies who were following international communism. This coordination was not productive of research studies, though it was no doubt beneficial to the members to exchange ideas on this subject.

3. The Deputy Director of Central Intelligence, Mr. Jackson, in 1951 wrote to the Special Assistant for Intelligence, Department of State, recognizing the responsibility of the Department for conducting research on international communism to meet the requirements of all agencies and stating that research in this field by the former Office of Reports and Estimates was discontinued.

4. Consequent upon this, it is understood the Department established a T/O of about twenty to deal with the subject. However, due to budgetary difficulties, the special staff on this subject never exceeded ten and, something over a year ago, due to budget reductions, it was reduced to one person. It should be recognized, however, that area researchers have normally taken account of the communist movement in the countries of their concern, such matters being a part of the political life of the countries.

5. In the spring of 1952, the Office of Intelligence Coordination undertook discussions with Mr. Angleton and others of the then OSO (now FI) regarding means of meeting their needs in this field in connection with a more general examination of ways of meeting the intelligence research needs of the operational offices, then OPC and OSO. As a result of discussion between Mr. Angleton, State/OIR (Mr. Evans), and OIC, as well

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as for other reasons to be noted shortly, Mr. Angleton came to the conclusion that research in this field should be centered in CIA. A major factor in his conclusion was the problem of handling CE information.

6. After the establishment of [redacted]

[redacted] it was normal procedure for that office to seek to meet intelligence needs by existing intelligence organizations, if at all possible, and only in the event that the other intelligence agencies had not or could not produce the research was it undertaken in [redacted]. Since that time, [redacted] has requested the State Department to produce studies required for operational purposes. Although [redacted] requests for political reviews in this field (notably as in IR 6165) have been successful, requests for detailed basic research under terms described in paragraph 9 below have not met with equal success because of limited personnel available.

7. Production Outside of State: Among the service intelligence agencies it is understood that the Navy and Air Force follow international communism only to the extent necessary to support their respective counterintelligence and internal security requirements. G-2, Department of the Army, apparently maintains similar coverage and, in addition, has one analyst of its Western Branch devoting full time to the international communist problem as affecting that area.

8. Within CIA, intelligence on international communism is produced by:

(a) A unit [redacted] whose mission is to provide staff supervision over [redacted]

[redacted] It should be noted that the mission of this [redacted] unit does not require it to conduct basic intelligence research on a subject which essentially is one of common concern. Nor is it staffed to provide such service. The lack of such service from intelligence production elements, however, has compelled it to produce research materials on the Communist Party internationally, primarily as exchange materials.

(b) Country Desk analysts in OCI of DDI, who deal with international communism on a fragmentary, country-by-country basis within the limitations of OCI's internal needs. Such production is not adequate to meet those needs.

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(c) [] which provides operational intelligence support for the clandestine services by conducting research when other intelligence units cannot or will not, has under this circumstance produced research on international communism, notably on Guatemala.

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9. A Refined Statement of What is Needed: In connection with the efforts of [] to make clear to the Department of State what it required for its purposes, a statement of terms of reference was prepared. This was used in connection with the preparation by the Department of State of a prospectus on what research would be undertaken to implement the USIA Survey in the field of international communism. It is thought by DDP to be an improvement upon their own statement of needs and is in addition recognized by OCI and ONE as sufficiently comprehensive to meet the needs which they see also. It should serve, therefore, as the terms of reference for international communism research, wherever the research is undertaken

10. U. S. Agencies' Interest in the Subject: While the State Department has been recognized as having the dominant interest in this field and the primary responsibility for production, the Department has not apparently (judging from the deployment of its personnel resources) considered this subject to be of as vital concern to meet departmental needs as other subject matter. The interests of CIA have been most marked in the DDP area. ONE and OCI have stated that more coverage is needed to meet their needs.

11. In addition, in the last two years, the PSB and the OCB have indicated requirements, particularly as a result of the activities of [] when he was in the Government [] in connection with [] NSC 144, which requests surveys of the Communist parties in all Latin American countries. The recent USIA Survey shows that Agency to have an important interest in research in this field. Whereas the military may likewise have certain unfulfilled needs, particularly in their psywar divisions, they have not been as emphatic in their expression of their needs as those listed above.

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12. Capabilities for Research in International Communism: It is generally considered that the State Department's files in this field are, going back some seven or eight years, the most complete extant in the Government except in the field of counter-espionage where [] along with its entree into the files of

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other agencies such as the FBI, is the most complete. Neither State, DDP, nor OCI, or any other part of CIA, has personnel available to conduct, along with their other assignments, the extensive research which has been outlined as required. In addition, DDP is not disposed to undertake basic intelligence research as a service of common concern.

13. Ideal Characteristics of Research in International Communism: If the Government is to attack this subject aggressively and adequately, it would appear that in addition to the development of a staff especially devoted to this type of research, two arrangements are essential: (a) all-source research; (b) integration with CE information. The second cannot be accomplished in the State Department. Their product could, perhaps, though somewhat awkwardly, be integrated with CE information within the Agency. The Agency's policy regarding all-source research as contrasted with the Department's policy in the management of special intelligence would seem to indicate that this condition could be met more readily in the Agency.

14. Financial Considerations: Pending the outcome of the reexamination of the current policy followed by the Agency in reimbursement for NIS work conducted by the Department of State, there appears to be no distinction between such reimbursement for NIS on international communism and for other NIS work.

15. The Alternatives: It would appear that the case for leaving the primary responsibility for production in this field to the Department of State rests on two main considerations:

(a) That the subject matter would normally be considered as falling under the functional assignment made to the State Department in NSCID-3;

(b) That the Department has amassed extensive files in this field;

16. It would appear that the case for transferring the primary responsibility for production in this field to the Agency rests on three main considerations:

(a) That, by virtue of its long-expressed need for expanded research for operational purposes, CIA would do a more aggressive job;

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(b) That all-source research could be best conducted in the Agency;

(c) That the integration of such research with CE information can be accomplished most efficiently within the Agency.

17. If the primary responsibility in this area were assigned to the Agency, and there was no other fundamental change in NSCID-3 assignments, the work of the area divisions in "R" would still have to involve some work on international communism because it is an integral part of political research. Furthermore, it is anticipated that the military would want to retain personnel such as they have in this field. It might well be in due course that by virtue of a concentration and emphasis by a special staff in CIA that the other agencies would gradually come to rely more exclusively on such work and decrease their efforts. A CIA staff would need to accept the obligation to honor the requests and guidance of the various users.

Conclusion:

18. On balance, it appears that it is advisable to arrange for the transfer of primary responsibility in the field of international communism from the Department of State to CIA.

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